Economic Development

Business Plan 1999-2000 to 2001-02

Accountability Statement

This Business Plan for the three years commencing April 1, 1999 was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at February 18, 1999 with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.

Patricia L. Nelson
Minister of Economic Development
February 26, 1999

Introduction

Alberta Economic Development will continue to focus on the government's *Prosperity* core business of strengthening economic growth, supporting job creation by the private sector, and helping Albertans build a future for themselves and their children.

Alberta has a competitive business environment, world class infrastructure and skilled workforce that attract new industry and allow business to flourish and prosper. However, challenges remain.

The trend to greater integration in the world economy continues. Firms in Alberta face increasingly strong global competition. The recent dampening of crude oil prices highlights the continuing need to strengthen the resiliency of Alberta's economy to swings in commodity prices and business cycles. Further diversification of our economy and a deeper and broader market base are required to keep our economy growing. Infrastructure, supporting the day to day business in Alberta and the growth of our exports in national and international markets, must be maintained and improved.

Alberta's employment growth rate has bettered other provinces over the last two years. Skill shortages are becoming apparent in some trades and in the information technology sector and other knowledge-based industries. The information revolution is constantly accelerating the pace of change in today's world. Knowledge-based industry sectors are becoming increasingly important to the future strength and growth of our economy.

Just like companies, governments also compete to attract business. Other jurisdictions offer special tax credit incentives and financial assistance programs in an attempt to attract selected industries. The challenge is to compete in this environment and to stretch Alberta's lead in terms of competitive advantages. Alberta's growth and prosperity are sustained by building a climate where all industry can adapt quickly and aggressively to the challenges and complexities of a rapidly changing and increasingly competitive global marketplace.

That climate is called the Alberta Advantage. The Alberta Advantages includes:

- competitive taxation and regulatory environment;
- an abundance of natural resources;
- a skilled, highly educated, workforce;
- debt reduction legislation;
- first class infrastructure;
- an economic climate conducive to investment, wealth generation and job creation; and
- an entrepreneurial and competitive business community.

The Ministry includes the Department of Economic Development, the Alberta Opportunity Company, the Alberta Gaming and Liquor Commission, and the Alberta Lottery Fund.

Department of Economic Development

Vision

Our vision is a province where "Alberta is recognized world-wide as a place where people enjoy success, economic independence and an unmatched quality of life, ... the region of choice to live, learn, work, play, visit, do business and raise a family". (from Alberta's economic strategy, *"Building on the Alberta Advantage"*).

Mission

The Department plays a key role in realizing this vision for a strong and prosperous economy for all Albertans.

Our mission is to be the most credible and reliable source of strategic information and competitive intelligence on doing business in Alberta and in helping Alberta businesses to succeed in a global economy.

Mandate

The Department has a responsibility to work in partnership with the Alberta Economic Development Authority (AEDA), business, industry associations, other provincial departments and governments to create a positive economic planning framework, provide quality information and intelligence, and support business in their pursuit of excellence and expanded trade, production and services.

Core Businesses

The Department will achieve its mission through the following three core businesses:

- ***Strategic Information and External Relations.*** In partnership with other government departments and AEDA:
  - Promote the Alberta Advantage and continuously review and benchmark Alberta's business cost competitiveness relative to competing jurisdictions
  - Support the work of the Council of Economic Development Ministers (CEDM)
  - Provide secretariat services to AEDA and support the activities of interdepartmental and cross government initiatives
  - Provide strategic market, trade and economic intelligence and business information to Alberta businesses, other departments and governments
  - Promote information sharing and cooperative working relationships to support policy development

- ***Industry Development and Investment Attraction.*** In partnership with AEDA, other government departments and industry:
  - Identify and pursue strategies to assist Alberta business to grow and expand
  - Develop and implement strategies to encourage national and international companies to locate or expand in Alberta

- Strengthen the ability of target sectors to compete in a global marketplace
- Develop and implement strategies to encourage investment in Alberta
- Facilitate improved access to cost effective modes of transportation
- Reflect the views of industry within government planning and regulatory processes

- ***Trade, Market and Regional Development.*** In partnership with AEDA, other government departments, municipalities, local development authorities and industry:
  - Identify and pursue strategies to increase Alberta exports of manufactured goods and services
  - Support activities to enhance Alberta's national and international reputation as a reliable source of high-quality, competitive goods and services
  - Direct Alberta government's trade offices abroad
  - Develop and pursue strategies to support coordinated regional economic development and the sound management of economic growth throughout the province

Key Industry Sectors and Markets

The Department's key industry sectors include manufacturing, forestry, tourism and advanced technologies. The Department's trade activities include agricultural equipment and services, oil and gas equipment, building products, environmental products and services, information technology and tourism. The province's key trading partners for manufactured goods and services are the United States, Japan, South Korea, China, Taiwan and the United Kingdom. Other target markets are Mexico, Germany, Australia, Argentina, Venezuela, Brazil and Chile. The Department is monitoring and assessing the emerging markets of India, Iran and the Caspian Sea region.

Goals, Strategies and Key Performance Measures

Working with partners in the private sector and interdepartmental teams within government, the Department will strive to achieve the following goals:

GOAL: ***The Alberta Advantage - Be an advocate for, and promote, the Alberta Advantage.***

Strategies:

- *Monitor and assess the elements of Alberta's business climate (including competitive tax and regulatory environment) and recommend adjustments to keep Alberta competitive
- *Facilitate easier and more cost effective access to Alberta tourism products by international visitors
- *Facilitate development of a responsive education and training system by providing information on new exporter issues, market trends, changing skill requirements and growth projections
- *Address pressing needs for economic infrastructure development and promote cooperative initiatives among business, the province and municipalities to improve the efficiency and capacity of Alberta's infrastructure

* 1997 Alberta Growth Summit recommendations.

- *Identify and mitigate impediments to Alberta manufacturers and exporters in accessing cost effective transportation modes
- *Support government efforts in developing cooperative trade initiatives and in reducing trade impediments in key markets and be an advocate for open competition
- *Increase awareness and support for the Alberta Advantage in Alberta and worldwide
- Provide leadership in the development and implementation of the Alberta brand imaging campaign

Key Performance Measures:

- Stakeholders/clients awareness of department's efforts to promote the Alberta Advantage. Baseline will be established from the 1999-00 satisfaction survey results.
- Annual comparison of Alberta Advantage elements benchmarked against competing jurisdictions. Target is to be top amongst our competitors. In September 1998, Highlights of the Alberta Economy was released.

GOAL: ***An Economic Planning Framework - Strengthen cooperation and partnership in addressing economic planning and development issues and priorities.***

Strategies:

- *Encourage forward thinking about the long-term future of the Alberta economy and a collaborative approach to address key economic policy issues and identify priorities
- *Support the Council of Economic Development Ministers (CEDM) and AEDA and its committees as partners in economic planning and development
- *Provide leadership in intergovernmental economic planning, international trade planning and development initiatives
- Support and implement the government's commitment to sustainable and responsible resource management under the Sustainable Resource and Environmental Management Commitment strategy
- Support Alberta's Strategy for Action on Climate Change and promote and develop the Environmental Energy Advantage
- Co-lead the development of a high level strategic plan for knowledge and innovation

Key Performance Measures:

- AEDA and stakeholder satisfaction with the quality and timeliness of information and analysis. Baseline for AEDA satisfaction will be established from the 1998-99 satisfaction survey results.

GOAL: ***Informed Decision-making - Provide timely, relevant, accurate information and expertise to clients and stakeholders.***

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* 1997 Alberta Growth Summit recommendations.

Strategies:

- *Undertake economic and business research, and provide analysis of economic and business issues
- *Identify and track issues, complete analyses and prepare reports on policy alternatives
- *Consult with and provide information and expertise to Alberta businesses and other stakeholders
- *Build collaborative networks and regional alliances between economic stakeholders and municipalities in Alberta
- Promote e-commerce awareness and a regulatory climate that encourages adoption by Alberta industry
- Improve stakeholder and public access to strategic market, trade and economic intelligence and business information

Key Performance Measures:

- Increased utilization of department's information, products and services. This includes:
  - number and type of publications mailed out, and
  - number of visits to department web site.

  Baselines will be established for each of these measures.
- Client satisfaction with timeliness, accuracy and relevance of economic development information and services provided by the department. Baseline will be established from the 1998-99 satisfaction survey results.

GOAL: ***Business and Market Development - Promote trade, industry development and investment to facilitate the growth and competitiveness of Alberta's key industry sectors.***

Strategies:

- *Promote Alberta as the place of choice for businesses/investors to locate, expand, invest and establish strategic partnerships
- *Assist companies and industries in target sectors to improve their long term competitive performance and viability
- *Promote and facilitate technological innovation, and commercialization of new technologies
- *Assist local economic development authorities and municipalities in their efforts to coordinate economic development initiatives
- *Support the Strategic Tourism Marketing Council in implementing the new tourism marketing strategy
- Promote the awareness of industry and investment opportunities through tourism and enhance linkages to regional, recreational and industrial tourism opportunities
- Identify international trade opportunities for export ready Alberta businesses
- Promote capabilities, products and services of export ready Alberta businesses in international markets
- Utilize Alberta-based activities and events to promote Alberta's international trade capabilities and assist export ready Alberta businesses
- Strengthen the linkage with the Film Commission

* 1997 Alberta Growth Summit recommendations.

Key Performance Measures:

- Client satisfaction with timeliness, accuracy and relevance of industry development, business attraction and trade information and services. Baseline will be established from the 1998-99 satisfaction survey results.
- Number of contacts known to have visited Alberta to assess investment/business potential.
- Number of contacts assisted, who invest in Alberta - dollars invested, jobs created. Baselines will be established for each of these measures.
- Number of companies export ready and actively exporting in Alberta and number of companies the department assisted.

GOAL: ***Organizational Effectiveness – Ensure that the department is administered effectively and in a way that provides a positive work environment for all employees.***

Strategies:

- *Consistent with the goals and strategies of the Corporate Human Resources Development Strategy, continue to implement innovative and responsive human resource programs and services to ensure the availability of a highly competent workforce in the department
- *Implement a proactive performance measurement and program evaluation process to better facilitate continuous improvement and business planning
- Develop and implement an information management strategy that improves stakeholder and public access to strategic information and market intelligence
- *Maintain and enhance financial systems, information technology and all other administrative support areas to increase accountability, reliability and efficiency
- Review, assess and where feasible, implement shared services with other departments in the areas of financial, human resources, administrative and information technology services

Key Performance Measures:

- Employee satisfaction with their job and with working for the department. Baseline will be established from the 1998-99 satisfaction survey results.

* 1997 Alberta Growth Summit recommendations.

Alberta Macro-Economic Growth Indicators

The department works in partnership with many government and private sector stakeholders to support the economic growth of Alberta. Following are a number of macro-economic indicators that demonstrate the performance of the Alberta economy, with targets to 2002:

Job Growth - (thousands) - The increase in annual average adjusted employment

Business Plan	1997	Estimate 1998	Target 1999	Target 2000	Target 2001	Target 2002
Employment	**1,457**	**1,514**	**1,543**	**1,568**	**1,598**	**1,633**
Increase	44	57	29	25	30	35
% Change	3.1	3.9	1.9	1.6	1.9	2.2

Total employment in 1996 was 1,413,000.

Manufacturing and Service Industry Investment - ($ billions) - Annual value of investment. The indicator provides information on the annual capital investment by manufacturing and service industries.

Business Plan	1997	Estimate 1998	Target 1999	Target 2000	Target 2001	Target 2002
Investment	7.89	9.72	10.69	10.80	10.91	11.02
% Change	29.5	23.2	10.0	1.0	1.0	1.0

Total public and private investment for all sectors was estimated at $26.1 billion for 1997.

Manufacturing and Service Exports - ($ billions) - Sales of value-added products and services by Alberta companies outside of Canada.

Business Plan	1997	Estimate 1998	Target 1999	Target 2000	Target 2001	Target 2002
Exports	13.58	14.18	14.60	15.33	16.41	17.72
% Change	5.7	4.4	3.0	5.0	7.0	8.0

Total exports for all sectors was forecast at $36.3 billion for 1997, including goods and services.

Manufacturing Shipments - ($ billions) - Annual value of all manufacturing shipments in Alberta companies within Alberta, to other provinces and outside Canada.

Business Plan	1997	Estimate 1998	Target 1999	Target 2000	Target 2001	Target 2002
Shipments	34.29	32.78	34.84	36.58	38.78	41.49
% Change	11.4	-4.4	6.3	5.0	6.0	7.0

Alberta's Tourism Industry Revenue - ($ billions) - Annual value of all tourism industry revenue in Alberta. This includes the expenditures in Alberta of foreigners, other Canadians and Albertans.

Business Plan	1997	Estimate 1998	Target 1999	Target 2000	Target 2001	Target 2002
Revenue	3.75	3.96	4.17	4.37	4.63	4.93
% Change	7.4	5.6	5.3	4.8	6.0	6.5

Alberta's Gross Domestic Product (GDP) Growth (real) ($ billions) - The increase (after inflation) in the provincial economy, as measured by Gross Domestic Product.

Business Plan	1997	Estimate 1998	Target 1999	Target 2000	Target 2001	Target 2002
GDP	94.4	98.0	100.5	103.5	107.1	111.4
% Change	7.2	3.8	2.6	3.0	3.5	4.0

Alberta Opportunity Company

Mission

The mission of Alberta Opportunity Company is to advance the economic development of Alberta by providing loans to Alberta businesses that have viable business proposals, when such support is not available from conventional lenders. Priority is given to smaller businesses in rural communities, and to those which create or preserve jobs. Priority is also given to businesses with export or tourism potential, or that introduce improvements in technology, or engage in manufacturing. AOC does not provide financing to businesses engaged in primary agriculture, residential housing, or oil and gas exploration.

Applicants are required to show, in business terms, a reasonable expectation of commercial success and the ability to repay all loans including interest.

Goals

- Facilitate the creation of new businesses and expansion of existing businesses by ensuring growth is not stifled by a lack of commercial financing from private sector lenders.
- Encourage job creation and secure existing jobs by providing financing to viable small businesses unable to obtain business financing in the private sector.
- Ensure the existing loan portfolio continues to be managed to maximize repayment of funds advanced and economic benefit to the small business community.

Strategies

- Identifying and serving those entrepreneurs who have viable business ideas, but are unable to find the financing they need with conventional commercial financial institutions. This strategy is achieved in collaboration with private sector institutions and without competing for business.
- Maintaining prudent lending practices that seek the balance between opportunity and risk that characterizes the most promising entrepreneurial ventures.
- Maintaining accountability to stakeholders through timely measurement and reporting of performance to ensure achievement of goals.
- Providing services in an efficient, effective and economic manner.

Performance Measures

- Approve loans of $37 million in 1999-2000 and $39 million in 2000-01 and 2001-02, thereby increasing the loan portfolio by 17 percent by the year 2002 at no extra cost to government.
- Provide lending support of $3 million to assist with the development of new exporters and the growth of existing exports out of the province.
- In 1999-2000 make loans to approximately 333 small businesses that will facilitate the creation or preservation of an additional 2,400 jobs in Alberta.
- Maintain operations with operating grant of $5.4 million per year.
- Annual loan write-offs, net of recoveries, not to exceed 3.3% of loan portfolio.

Alberta Gaming and Liquor Commission

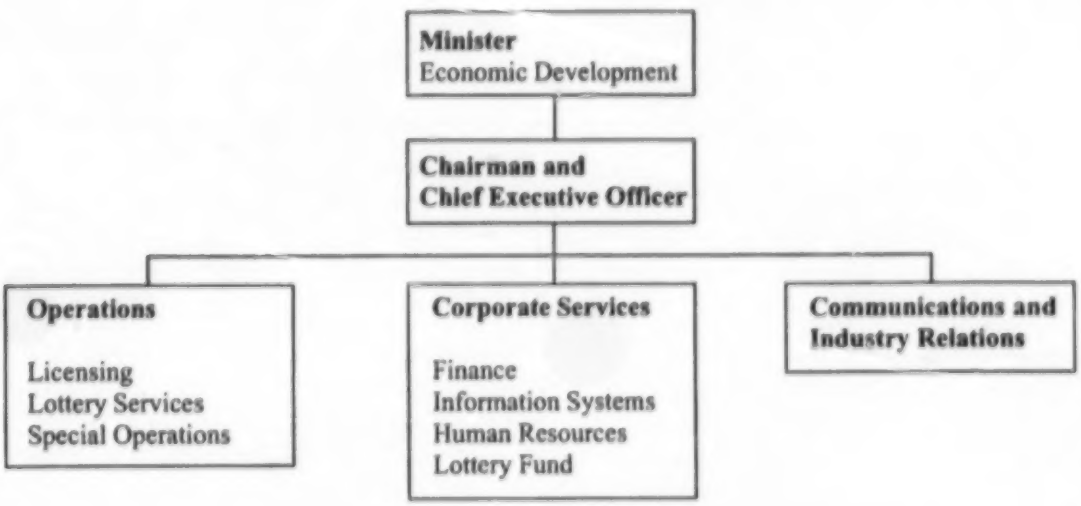
Mission

To maintain the integrity of gaming and liquor activities in Alberta and collect revenues for the Province.

Mandate

The Alberta Gaming and Liquor Commission's mandate, in accordance with the *Gaming and Liquor Act*, the Criminal Code (Canada) and within the policy framework established by government, includes the following:

- license, regulate and monitor gaming and liquor activities in Alberta;
- ensure integrity and social responsibility in the operation of gaming and liquor activities;
- collect gaming and liquor revenue;
- ensure business and program operations are run efficiently and effectively;
- define operating policies and procedures for gaming and liquor activities;
- disburse provincial lottery revenues;
- support industry and government initiatives to address problem gambling and responsible alcohol consumption;
- communicate to gaming and liquor stakeholders accurate and timely information.



Goals and Strategies

- Ensure compliance with the *Gaming and Liquor Act, Tobacco Tax Act,* Criminal Code and Commission policies with respect to gaming and liquor activities.
- Ensure full accountability for all revenues, expenses, assets and liabilities.
- Improve accountability and disclosure of gaming activity in the province.
- Develop clear and understandable guiding principles for lotteries and gaming.
- Develop a clear process that directs all gaming and lottery profits to specific and visible initiatives.
- Achieve gross revenue levels of $1.2 billion prior to operating expenses and Lottery Fund disbursements.
- Meet operating expense targets.
- Maintain the return to the charities from charitable gaming activities.
- Manage and administer the Lottery Fund.
- Facilitate development of native gaming in keeping with the Government's Native Gaming policy.
- Facilitate and support the revitalization of the horse racing industry.
- Work closely with gaming, liquor and hospitality industries to develop solutions to industry issues and concerns.

Performance Measures

Administrative Productivity - ($ thousands)

	1997-98 Actual	1998-99 Target	1999-2000 Target	2000-01 Target	2001-02 Target
Operating Expenses	60,571	70,233	70,233	70,233	70,233

Return to Charities - ($ millions)

	1997-98 Actual	1998-99 Target	1999-2000 Target	2000-01 Target	2001-02 Target
Casinos	44	47	47	47	47
Bingo	57	55	55	55	55
Raffle*	19	18	18	18	18
Pull Ticket	9	9	9	9	9
	129	129	129	129	129

* Raffles exceeding $10,000.

Revenue - ($ billions)

	1997-98 Actual	1998-99 Target	1999-2000 Target	2000-01 Target	2001-02 Target
Gross Revenue	1.17	1.09	1.23	1.23	1.23

ECONOMIC DEVELOPMENT
MINISTRY INCOME STATEMENT
(thousands of dollars)

	Comparable 1997-98 Actual	Comparable 1998-99 Budget	Comparable 1998-99 Forecast	1999-2000 Estimates	2000-01 Target	2001-02 Target
REVENUE						
Net Income from Commercial Operations						
- Lottery Revenue	705,215	659,500	767,500	767,500	767,500	767,500
- Liquor and Related Revenue	464,581	427,114	461,500	462,114	463,614	465,114
Transfers from Government of Canada	(2)	-	-	-	-	-
Investment Income	13,719	9,952	13,400	11,563	11,783	11,975
Other Revenue	1,741	1,238	1,314	1,265	1,268	1,268
MINISTRY REVENUE	1,185,254	1,097,804	1,243,714	1,242,442	1,244,165	1,245,857
EXPENSE						
Program						
Ministry Support Services	3,979	4,503	4,514	4,722	4,689	4,705
International Markets and Regional Development	8,608	13,360	13,478	13,926	13,995	14,066
Industry Development	16,821	8,085	7,737	8,746	8,820	8,900
Strategic Resources	3,476	5,149	4,868	5,800	5,844	5,884
Financial Assistance to						
Alberta Gaming and Liquor Commission	60,571	70,233	70,233	17,233	17,233	17,233
Technology Commercialization initiatives	-	-	-	2,445	3,150	2,650
Tourism Programs	8,812	7,800	7,800	16,100	15,800	15,800
Department - Statutory (Valuation Adjustments)	120	-	-	-	-	-
Sub-total	102,387	109,130	108,630	68,972	69,531	69,238
Lottery Fund Payments	253,023	173,300	323,300	769,500	769,500	769,500
Alberta Motion Picture Development Corporation	64	-	-	-	-	-
Alberta Opportunity Company	7,201	9,414	9,878	10,389	10,674	10,942
Program Expense	362,675	291,844	441,808	848,861	849,705	849,680
Debt Servicing Costs						
Alberta Opportunity Company	4,077	4,433	4,600	4,569	4,774	4,915
MINISTRY EXPENSE	366,752	296,277	446,408	853,430	854,479	854,595
Gain (Loss) on Disposal of Capital Assets	(2)	-	-	-	-	-
Gain (Loss) on Disposal of Inventory held for Resale	(285)	-	-	(20)	(20)	(20)
Write Down of Capital Assets	(130)	-	-	-	-	-
MINISTRY NET OPERATING RESULT	818,085	801,527	797,306	388,992	389,666	391,242

ECONOMIC DEVELOPMENT
CONSOLIDATED NET OPERATING RESULT
(thousands of dollars)

	Comparable 1997-98 Actual	Comparable 1998-99 Budget	Comparable 1998-99 Forecast	1999-2000 Estimates	2000-01 Target	2001-02 Target
Ministry Revenue	1,185,254	1,097,804	1,243,714	1,242,442	1,244,165	1,245,857
Inter-ministry consolidation adjustments	-	-	-	-	-	-
Consolidated Revenue	1,185,254	1,097,804	1,243,714	1,242,442	1,244,165	1,245,857
Ministry Program Expense	362,675	291,844	441,808	848,861	849,705	849,680
Inter-ministry consolidation adjustments	(210,241)	(115,858)	(267,658)	(659,579)	(656,125)	(656,125)
Consolidated Program Expense	**152,434**	**175,986**	**174,150**	**189,282**	**193,580**	**193,555**
Ministry Debt Servicing Costs	4,077	4,433	4,600	4,569	4,774	4,915
Inter-ministry consolidation adjustments	(4,077)	(4,433)	(4,600)	(4,569)	(4,774)	(4,915)
Consolidated Debt Servicing Costs	-	-	-	-	-	-
Consolidated Expense	152,434	175,986	174,150	189,282	193,580	193,555
Gain (Loss) on Disposal of Capital Assets	(2)	-	-	-	-	-
Gain (Loss) on Disposal of Inventory held for Resale	(285)	-	-	(20)	(20)	(20)
Write Down of Capital Assets	(130)	-	-	-	-	-
CONSOLIDATED NET OPERATING RESULT	1,032,403	921,818	1,069,564	1,053,140	1,050,565	1,052,282